



January 28, 2011

To: Executive Board

Subject: **Fiscal Year 2011 Financial Statements and Investment Summary – November 2010**

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### **Recommendation**

Receive and file the Financial Statements and Investment Summary for Fiscal Year 2011.

### **Analysis**

The attached Financial Statements and Investment Report summarize Foothill Transit's unaudited operations and financial condition for the five months of the fiscal year ending June 30, 2011.

Foothill Transit's cash position of \$52.5 million is \$13.3 million more than the previous month. This increase of cash is the net change between the uses of cash and sources of cash. For this reporting period there were no reportable uses of cash. Sources of cash consisted of decrease in due from other governments of \$2.2 million, \$1.7 million increase in account payable, a decrease in account receivable of \$306,000 and \$9.0 million of excess operating funding over operating expenses. Most of the excess operating funding is attributed to the receipt of our entire STA annual allocation during November.

November 2010 fare revenues were \$1.4 million, which is 10.1 percent more than the monthly budgeted amount. This is the fifth month in which revenues have exceeded the monthly budgeted amount. It is difficult to isolate the factors responsible for this increase. A fare increase was implemented along with service refinements to improve fare revenues. The combination of these factors may have positively impacted fare revenues more than reflected in the budget. Recent economic forecasts are also indicating an improvement; however unemployment continued to remain at double digits.

Operating costs through November were \$25.0 million, which is \$1.7 million less than the budget. These costs are \$2.4 million or 8.9 percent less than for the same period one year earlier. Foothill Transit had sufficient funds to meet all of its obligations.

### **Balance Sheet Analysis (Attachment A):**

#### Assets

The balance sheet as November 30, 2010 shows total assets at \$218.8 million. This total consists primarily of \$159.6 million in fixed assets and \$52.5 million in cash and

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investments. The cash and investments balances include \$5.0 million invested in the Local Agency Investment Fund (LAIF), \$28.2 million in non-interest bearing accounts held with Bank of the West, \$10.1 million in an interest bearing account with Bank of the West, \$3.3 million with Chase, \$4.0 million invested in FDIC insured Certificates of Deposits earning interest through the Certificate of Deposits Account Registry Service (CDARS) program and \$2.0 million in US Treasury Bills.

**Investments (Attachment B)**

Our current investments are held in financial instruments pursuant to Foothill Transit's investment policy. Funds held with Bank of the West are in non-interest earning accounts to qualify for FDIC insurance, eliminating the risk of loss and in an interest bearing that is secured with required collateral. The LAIF investment, the CDARS investments, the deposits with Chase and US Treasury Bills earn interest and are held for future capital and operating funding requirements. These accounts earn interest; however at a very low rate. The LAIF interest rate as of November 2010 was 0.454percent; slightly less than the previous month's rate of 0.480 percent. The most recent change in the prime interest rate was effective December 16, 2008 reducing it to 3.25 percent. While the prime has not changed in almost two years, LAIF interest rates have continued a downward trend.

**Liabilities**

The accounts payable balance is \$8.8 million. \$5.5 million of this amount represents the amount due and payable to the operations and maintenance contractors for November and October services. Other amounts payable include fuel costs of \$670,000 and Monrovia Dial-A-Ride service of \$45,000.

**Operating Revenue and Expense Analysis (Attachment C):**

**Fare Revenue**

November 2010 fare revenue of \$1.4 million was 10.1 percent more than the monthly budgeted amount and \$109,000 less than October 2010 revenue. The monthly average revenue through November is \$1.4 million or 5.38 percent more than the prior year monthly average.

November revenues continue the positive trend experienced since the beginning of the fiscal year. November year-to-date revenues are 8.1 percent more than the previous year and 12.0 percent more than the budget; and the average monthly revenue is 5.38 percent more than fiscal year 09-10 average monthly revenue. These could be indicators that the economy may be improving, even though recent unemployment figures have indicated increased unemployment.

State and Local Funding Subsidies of \$19.8 million (consisting of Transportation Development Act funds, Proposition A and C grants, and other income) were approximately 18.28 percent more than planned for in the budget. This is attributed to

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the receipt of the total annual allocation of STA funding. Normally these funds are paid monthly. Foothill Transit has sufficient funds to meet all of its obligations.

Expenses

November 2010 year-to-date operating expenses were \$25.0 million, compared with the budget of \$26.8 million. This difference of approximately \$1.7million resulted in a 6.55 percent favorable variance. The majority of this favorable variance is the result of fuel cost savings of \$ 1.5 million. It should be noted that the November 2010 year-to-date expenses of \$25.0 million are \$2.4 million less than the prior fiscal year.

Farebox Recovery Ratio

The November 2010 year-to-date farebox recovery ratio was 28.83 percent. This is 6.28 percent more than the performance target of 22.55 percent. The farebox recovery ratio was derived by dividing the total fare revenue figure of \$7,222,256 by the total operating expense figure of \$25,057,662. This ratio has increased 0.27 percent from the October 2010 figure of 28.56 percent.

Sincerely,



Richard Hasenohr  
Director of Finance



Doran J. Barnes  
Executive Director

Attachments

Foothill Transit  
Balance Sheet  
As of November 30, 2010

**Assets**

## Current Assets:

Cash	\$ 38,252,868
Investment - LAIF	14,277,855
Due from government agencies	4,801,880
Other receivables	1,441,345
Other assets	479,781
Total Current Assets	<u>59,253,728</u>
Property & Equipment (net of depreciation)	159,559,445
Total Assets	<u><u>\$ 218,813,173</u></u>

**Liabilities and Equity**

## Current Liabilities:

Accounts payable and accrued liabilities	\$ 8,827,760
Current portion of long term debt	
Long Term debt:	1,000,000
Deferred Revenue	<u>20,229,071</u>
Total Liabilities	<u>30,056,831</u>

**Equity**

Investment in Fixed Assets (net):	
Fund Balance:	<u>188,756,342</u>
Total Equity	<u>188,756,342</u>
Total Liabilities and Equity	<u><u>\$ 218,813,173</u></u>

Summary of Cash and  
Investment Account  
For November 30, 2010

	Interest Rate	Term	Principal Amount/Book Value	Market Value
<b>Cash:</b>				
Bank of the West-Reg. Checking	N/A	Demand Deposit	\$20,232,503	\$20,232,503
Petty Cash	N/A	N/A	400	400
Revolving Fund - Transit Stores	N/A	N/A	1,500	1,500
Bank of the West-Money Market			10,001,630	10,001,630
Bank of the West-Excise Tax	N/A	Demand Deposit	3,991,237	3,991,237
Bank of the West-CTAF <sup>3</sup> Fund	0.750%	Demand Deposit	327,275	327,275
Bank of the West-Bus. Checking	N/A	Demand Deposit	3,698,323	3,698,323
Subtotal Cash on Hand			38,252,868	38,252,868
<b>Unrestricted Investments:</b>				
Chase Business Saving	0.760%	Demand Deposit	3,295,357	3,295,357
Bank of the West-CDARS	N/A	Cert. of Deposit	4,000,000	4,000,000
Treasury Bills			1,998,989	1,998,989
LAIF Investment	0.090%	Demand Deposit	4,983,510	4,983,510
Subtotal Unrestricted Investments			14,277,855	14,277,855
Total Cash and Investments			<u>\$52,530,723</u>	<u>\$52,530,723</u>

**Notes:**

- 1) The investments listed above are in compliance with Foothill Transit's Investment Policy dated July 22, 2004.
- 2) Foothill Transit has the ability to meet its expenditure requirements for the next six months.
- 3) California Transit Assistance Funds

Foothill Transit  
Statement of Revenue and Expense  
For Month Ended November 31, 2010

	Actual November-10	Budget November-10	Variance Favorable (Unfavorable)	Actual November-09
<b>Operating Revenue</b>				
Farebox	\$4,530,695	\$4,532,583	(0.04%)	\$4,331,118
Pass Sales	1,249,263	922,958	35.35%	806,025
TAP Cash Purse	945,103	493,917	91.35%	737,609
MetroLink	12,400	9,250	34.05%	
EZ Transit Pass	487,796	491,375	(0.73%)	809,978
Total Operating Revenue	7,225,256	6,450,083	12.02%	6,684,730
<b>Non-Operating Revenue</b>				
FTA Sec 5307 Operating	682,308	2,083,333		
FTA Sec 5307 ARRA	397,988	833,333	(52.24%)	
Transportation Development Act (TDA)	5,939,172	5,754,167	3.22%	6,808,270
STA	5,327,279	1,541,667	245.55%	1,942,163
Prop A 40% Discretionary	5,308,660	3,860,933	37.50%	5,018,018
Prop A & C Interest	(10,918)			1,432,748
Prop A 40% BSCP	650,838	1,218,000	(46.57%)	1,392,275
Prop C Base Restructuring	725,455	650,000	11.61%	695,605
Prop C BSIP	337,750	263,750	28.06%	329,673
Prop C Transit Service Expansion	120,889	94,417	28.04%	117,998
Transit Security-Operating	226,567	227,250	(0.30%)	279,320
Measure R Operating	3,087,780	2,694,917	14.58%	1,845,475
Excise Tax Credit				
Auxiliary Revenue	681,204	625,000	8.99%	1,092,310
Total Non-Operating Revenue	23,474,971	19,846,767	18.28%	20,953,855
Total Revenue	30,700,227	26,296,850	16.74%	27,638,585
<b>Available Capital Funding</b>				
Capital Grants	13,304,694			1,643,355
Other				
Total Revenue and Capital Funding	44,004,921	26,296,850		29,281,940
<b>OPERATING EXPENSES</b>				
Operations	21,168,055	23,153,833	8.58%	23,841,770
Marketing and Communications	562,756	511,083	(10.11%)	471,845
Information Technology	540,084	543,583	0.64%	349,818
Administration	810,130	759,792	(6.63%)	887,370
Sales and Service	700,932	704,958	0.57%	667,475
Finance	437,233	445,792	1.92%	423,531
Safety and Security	261,460	316,042	17.27%	287,787
Planning	259,443	276,000	6.00%	297,471
Building Management	317,660	103,083	(208.16%)	299,953
Total Operating Expenses	25,057,752	26,814,167	6.55%	27,527,020
<b>Capital and Other Expenses</b>				
Capital	13,290,284		N/A	1,529,961
Interest			N/A	
Dial-A-Ride	192,986		N/A	247,969
Special Services	113,525		N/A	282,709
Other Misc. expense	23,969		N/A	
Total Capital and Other Expenditures	13,620,764		N/A	2,060,639
Increase (Decrease) of Revenues Over Expenditures	\$ 5,326,406			\$ (305,719)